

FILE COPY

DARLENE GREEN
Comptroller



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS

Internal Audit Section



✓
Carnahan Courthouse Building
1114 Market St., Room 608
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

September 20, 2006

George R. Cotton, Executive Director
R.E.A.C.H.
625 North Euclid
St. Louis, MO 63108

RE: Fiscal Monitoring Report of Department of Health R.E.A.C.H. (Ryan White Title I) (Project #2006-DOH8)

Dear Mr. Cotton:

Enclosed is a report of our fiscal monitoring review of R.E.A.C.H. (Ryan White Title I) (Project #2006-DOH8) (Contract #HD-04-38) for the period March 1, 2004 through February 28, 2005. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of R.E.A.C.H. (Ryan White Title I). Our fieldwork was substantially completed on August 24, 2006.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and through an agreement with the Department of Health (DOH) to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact Dwayne Crandall at 613-7257.

Sincerely,

A handwritten signature in cursive script that reads "Sedrick D. Blake".

Sedrick D. Blake, CPA
Internal Audit Executive

Enclosure

cc Honorable Darlene Green, Comptroller
Dr. William Kincaid, Director, City of St. Louis Department of Health
Melba Moore, Health Commissioner, City of St. Louis Department of Health



CITY OF ST. LOUIS

DEPARTMENT OF HEALTH AND HOSPITALS (DHH)

*R.E.A.C.H.
RYAN WHITE TITLE 1
CONTRACT #HD-04-38*

FISCAL MONITORING REVIEW

MARCH 1, 2004 THROUGH FEBRUARY 28, 2005

PROJECT #2006-DOH8

DATE ISSUED: SEPTEMBER 20, 2006

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
DEPARTMENT OF HEALTH (DOH)
R.E.A.C.H.
RYAN WHITE TITLE I
CONTRACT #HD-04-38
FISCAL MONITORING REVIEW
MARCH 1, 2004 THROUGH FEBRUARY 28, 2005**

TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
CONCLUSION AND SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	3
Detailed Observations, Recommendations and Management's Responses	4

**CITY OF ST. LOUIS
DEPARTMENT OF HEALTH (DOH)
R.E.A.C.H.
RYAN WHITE TITLE I
CONTRACT #HD-04-38
FISCAL MONITORING REVIEW
MARCH 1, 2004 THROUGH FEBRUARY 28, 2005**

INTRODUCTION

Background

Contract Name: R.E.A.C.H. (Ryan White Title I)

Contract Number: HD-04-38

Contract Period: March 1, 2004 through February 28, 2005

Contract Amount: \$143,334

The Ryan White Title I contract provided funds from the Health Resources Services Administration (HRSA) through the City of St. Louis, Department of Health to R.E.A.C.H. This contract was used for case management services consisting of needs assessment and comprehensive plan development for residents with HIV living in the St. Louis metropolitan area.

Purpose

Our purpose was to determine R.E.A.C.H.'s compliance with federal, state and local Department of Health (DOH) requirements for the period March 1, 2004 through February 28, 2005 and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding R.E.A.C.H.'s internal controls relating to the grants administered by the Department of Health (DOH), tested evidence supporting the reports the Agency submitted to DOH and performed other procedures considered necessary. Our fieldwork was substantially completed on August 24, 2006.

CITY OF ST. LOUIS
DEPARTMENT OF HEALTH (DOH)
R.E.A.C.H.
RYAN WHITE TITLE I
CONTRACT #HD-04-38
FISCAL MONITORING REVIEW
MARCH 1, 2004 THROUGH FEBRUARY 28, 2005

CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

R.E.A.C.H. (Ryan White Title I) did not fully comply with federal, state and local DOH requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report dated February 25, 2004 covered Ryan White Title I & II Contracts #HD-03-45 and #HD-03-69; and noted the following:

1. The Agency's status as a Not-for-Profit is in question.
(Resolved).
2. No evidence of credentials for case manager (Contract HD#03-45).
(Resolved.)
3. Procurements were not made under conditions of open and free competition.
(Not applicable to contract.)
4. Expenditures were outside the authorized budget amounts and/or categories.
(Not applicable to contract.)
5. Non-payroll expenditures were unsupportable and not properly authorized.
(Not applicable to contract.)
6. Failure to comply with contract between BABAA & DOHH for payroll. **(Resolved-Not Applicable to contract.)**
7. The agency did not have an A-133 audit performed in a timely manner.
(Repeated, see current observation.)

A-133 Status

R.E.A.C.H.'s A-133 audit report for its fiscal year ended February 28, 2005, dated May 26, 2006; expressed an unqualified opinion on the financial statements and the Federal awards. The report was reviewed by Internal Audit and noted for being submitted late. Also, there was one observation required to be reported by OMB Circular A-133, however, it was not related to this contract agreement. A corrective action plan was developed and included in the report

**CITY OF ST. LOUIS
DEPARTMENT OF HEALTH (DOH)
R.E.A.C.H.
RYAN WHITE TITLE I
CONTRACT #HD-04-38
FISCAL MONITORING REVIEW
MARCH 1, 2004 THROUGH FEBRUARY 28, 2005**

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist R.E.A.C.H. in fully complying with federal, state, and local DOH contract requirements.

- The agency's A-133 audit report for its fiscal year ending February 28, 2005 was not performed in a timely manner.

**CITY OF ST. LOUIS
DEPARTMENT OF HEALTH (DOH)
R.E.A.C.H.
RYAN WHITE TITLE I
CONTRACT #HD-04-38
FISCAL MONITORING REVIEW
MARCH 1, 2004 THROUGH FEBRUARY 28, 2005**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Untimely Submission of A-133 Report

The agency is required by the DOH contract and Federal regulations to have an A-133 audit report completed nine months after its fiscal year end if the agency expended \$500,000 or more in federal funds.

We determined through review of the agency's financial records that the agency expended more than \$500,000 in federal funds for its fiscal year ending February 28, 2005. Thus an A-133 audit report was required to be completed by November 30, 2005. However, the report provided to Internal Audit was dated May 26, 2006. Failure to file could subject the agency to penalties and fines.

Recommendation

We recommend the agency ensure the A-133 report for fiscal year ending February 28, 2006 is submitted in a timely manner by November 30, 2006.

Management's Response

Since my [Executive Director] arrival here at R.E.A.C.H. St. Louis in May of 1983, we have spent an extraordinary amount of time correcting fiscal and program reporting challenges from previous years. Part of the complexity was due to the fact that prior year reports and 990 documents were more than a year behind, resulting in all subsequent reports being late as well.

In an attempt to assure a proper fiscal transition, we have contracted with Thomas Shepard & Associates, a St. Louis based accounting firm, to complete the most recent A-133 and 990. Mr. Shepard has worked with our agency to streamline fiscal affairs and to complete all outstanding A-133 reports.

We will work to meet the anticipated target date of November 30, 2006 to have the [fiscal] year ending February 28, 2006 A-133 report completed.